



# Holtville Unified School District

County of Imperial  
Holtville, California

Audit Report

June 30, 2020



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



# Holtville Unified School District

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June 30, 2020

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## Independent Auditor's Report

To the Board of Education  
Holtville Unified School District  
Holtville, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Holtville Unified School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Holtville Unified School District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information identified in the table of contents, as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of Holtville Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Willinson Hadley King & Co., LLP*

El Cajon, California  
February 11, 2021

**HOLTVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2020  
(UNAUDITED)**

Each year the Holtville Unified School District (HUSD) strives to provide high quality education in a safe atmosphere that nurtures the learning process for our students. Despite fiscal challenges, the District is committed to accomplishing its goals while maintaining sound financial practice and operational accountability.

The following section of the District's annual financial report represents a discussion and analysis of the District's fiscal performance during the year ending June 30, 2020, as required by the Governmental Accounting Standards Board (GASB), Statement No. 34. The purpose of this report is to present an overview of the District's financial data for the 2019-20 fiscal year. Note that this report should be read with the actual financial statements, which follow this section.

*FINANCIAL HIGHLIGHTS*

\* District-wide, HUSD's Net Position improved in 2019-20 by approximately \$246,000 (See Table A-1). This improvement in net position occurred due to a large reduction in deferred inflows of resources over the prior year. This category in the statement of net assets section represents net assets acquired that are applicable to a future period, such as deferred revenues or advanced collections.

\* District-wide, total revenues and expenditures both increased between and 2018-19 and 2019-20 by approximately \$1.2 million. However, total revenues exceeded total expenditures by approximately \$246,000 (See Table A-2).

*OVERVIEW OF THE FINANCIAL STATEMENTS*

The intent of this report is to serve as an introduction to Holtville Unified School District's basic financial statements as defined by the GASB34. The annual report consists of three parts:

- Management Discussion and Analysis (this section)
- Basic financial statements (District-wide and Fund financial statements)
- Notes to the financial statements

*District-Wide Statements*

Within the District-Wide Financial Statements, information regarding the District as a whole is presented. Similar to the accounting methods used by private-sector companies, the District-Wide Statements help to illustrate how the District performed as a whole, across all of its funds. Included in this section is the **Statement of Net Position**, which reports all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Also included in this section is the **Statement of Activities**, which accounts for all revenues and expenses for the District’s 2019-20 fiscal year, showing the amounts of program-specific and general school district revenues used to support the school district’s various functions.

The purpose of the District-Wide Statements is to provide a measure of the overall financial stability (or position) of the District. By monitoring changes in net position, HUSD will have a strong indicator that helps measure whether its financial position is improving or deteriorating. However, the District will also need to take into account other factors, such as the condition of school buildings and facilities, the quality of education and safety of its school sites, and the growth or decline of student enrollment within the District to accurately assess its financial position.

It is also important to note that in the District-Wide Financial Statements, all of HUSD’s financial activities are reported under the *Governmental Activities* designation. Within this category, all of HUSD’s basic services are included. The other category, *Business-Type Activities*, does not list any financial information, as school districts are not involved in providing business services that generate fees. Instead, revenue is generated from Federal, State, and Local governmental sources.

The following graph illustrates the District’s Net Position from the prior year to current.

Table A-1			
<b>STATEMENT OF NET POSITION</b>			
	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2020</b>	<b>Net Change</b>
<b>ASSETS</b>			
Cash & Current Assets (i.e. AR)	12,675,715	13,134,118	458,403
Capital Assets	22,032,659	22,705,180	672,521
Total Assets	34,708,374	35,839,298	1,130,924
Deferred Outflows of Resources	6,511,631	6,850,967	339,336
<b>LIABILITIES</b>			
Long-Term Debt	37,640,199	38,941,878	1,301,679
Other Liabilities	1,092,676	1,994,276	901,600
Total Liabilities	38,732,875	40,936,154	2,203,279
Deferred Inflows of Resources	2,718,923	1,739,812	-979,111
<b>TOTAL NET POSITION</b>	<b>-231,793</b>	<b>14,299</b>	<b>246,092</b>
<b>DISTRIBUTION OF NET POSITION</b>			
Net Investment in Capital Assets	5,374,215	6,320,091	945,876
Restricted for Capital Projects	4,728,301	3,632,435	-1,095,866
Restricted for Debt Service	1,049,323	1,143,404	94,081
Restricted for Educational Programs	553,254	241,900	-311,354
Other Purposes (Expendable)	0	550,456	550,456
Other Purposes (Nonexpendable)	426,104	365,245	-60,859
Unrestricted	-12,362,990	-12,239,232	123,758
<b>TOTAL NET POSITION</b>	<b>-231,793</b>	<b>14,299</b>	<b>246,092</b>

The table below illustrates the District's Governmental Activities for the fiscal year 2019-20 compared to the prior year.

Table A-2			
STATEMENT OF ACTIVITIES			
	Governmental Activities		
REVENUES	2019	2020	Net Change
Program Revenues			
Charges for Services	193,162	288,243	95,081
Operating Grants and Contributions	3,975,509	4,600,788	625,279
Capital Grants and Contributions	0	0	0
General Revenues			
Taxes and Subventions	3,723,227	3,876,980	153,753
Federal and State Aid, Not Restricted	14,255,321	14,574,444	319,123
Other General Revenues	337,952	376,511	38,559
Total Revenues	22,485,171	23,716,966	1,231,795
<b>EXPENDITURES</b>			
Instruction	12,672,569	13,757,527	1,084,958
Supervision of Instruction	495,672	531,077	35,405
Library, Media, and Technology	209,073	207,536	-1,537
School Site Administration	1,145,519	1,321,382	175,863
Pupil Services	3,130,137	3,335,278	205,141
General Administration & Data Processing	1,602,256	1,433,006	-169,250
Maint & Ops and Facility Acquisition	2,051,651	2,330,062	278,411
Debt Service	835,192	356,859	-478,333
Other Outgo	110,223	198,150	87,927
Total Expenditures	22,252,292	23,470,877	1,218,585
<b>Increase/Decrease in Net Position</b>	<b>232,879</b>	<b>246,089</b>	<b>13,210</b>

### Fund Financial Statements

While the District-Wide Statements provide an overall picture of the District's financial performance, the Fund Financial Statements provide specific information for each of the District's *funds*. Like other state and local entities, HUSD uses fund accounting to maintain control over related resources. These resources have been segregated into funds to track specific activities and objectives. Fund accounting ensures and demonstrates compliance with finance-related legal requirements.

All of the funds used by HUSD are *governmental funds*. Governmental funds account for essentially the same functions as governmental activities in the Government-Wide financial statements. However, the governmental fund financials provide a short-term view of the District's inflows and outflows of resources that can be spent, including the balances at year-end of these resources.



Because the information derived from Governmental Fund Financial Statements is short-term, comparing the data to District-Wide Statements will assist in understanding long-term impact of financial decisions. Note that HUSD uses a number of individual governmental funds, which are presented individually in the Fund Financial Statements.

As mentioned above, the Fund Financial Statements provide insight into the performance of individual areas of the District’s operations. If one were to look at the District-Wide statements alone, this would only tell part of the story for the 2019-20 school year. By looking at the following chart (Table A-3), one can view the performance of each of the District’s funds separately.

Table A-3			
<b>CHANGES IN DISTRICT FUND BALANCES</b>			
<b>FUND #</b>	<b>Beg Balance (7/1/2019)</b>	<b>End Balance (6/30/2020)</b>	<b>Net Change</b>
General Fund (#010)	5,495,270	5,921,634	426,364
Adult Education Fund (#110)	64,694	75,429	10,735
Cafeteria Fund (#130)	412,208	561,349	149,141
Building Fund (#210)	4,505,436	3,268,449	-1,236,987
Capital Facilities Fund (#250)	222,865	363,986	141,121
Bond Interest and Redemption Fund (#510)	738,530	766,466	27,936
Debt Service Fund (#560)	310,793	376,938	66,145
<b>Total All Funds</b>	<b>11,749,796</b>	<b>11,334,251</b>	<b>-415,545</b>

In looking at the above, one can see that the grand total of all fund balances decreased in 2019-20. However, the bulk of this was attributed to the Building Fund end balance, representing capital expenditures due to construction projects authorized by the 2018 bond election. In addition, the General Fund, which houses the bulk of the District’s day-to-day operations, showed an overall gain in 2019-20.

*CAPITAL ASSET AND DEBT ADMINISTRATION*

*Capital Assets*

Table A-4 below summarizes the 2019-20 activity in the District’s Capital Assets. Over the course of the year, the District began its HMS Gymnasium Project (added to Work in Progress), and also completed its Energy Efficiency Upgrades Project (moved from Work in Progress to Buildings). The annual depreciation for 2019-20 was approximately \$882,000.

Table A-4			
<b>CAPITAL ASSETS</b>			
	<b>Governmental Activities</b>		
<b>ASSET TYPE</b>	<b>2019</b>	<b>2020</b>	<b>Net Change</b>
Land	153,012	153,012	0
Work in Progress	2,441,243	1,277,693	-1,163,550
Land Improvements	2,796,524	2,796,524	0
Buildings	27,201,187	29,690,560	2,489,373

Equipment	2,103,648	2,332,707	229,059
Accumulated Depreciation	-12,662,955	-13,545,316	-882,361
<b>Totals</b>	<b>22,032,659</b>	<b>22,705,180</b>	<b>672,521</b>

*Outstanding Long-Term Obligations*

For 2019-20, HUSD’s long-term obligations increased by approximately \$1.3 million (See Table A-5 below). In looking at the figures below, the increase is due to an increase in Net Pension Liability and Total OPEB obligation, offset in part by some repayment of bonds and COPs.

Table A-5			
<b>OUTSTANDING LONG-TERM OBLIGATIONS</b>			
	<b>Governmental Activities</b>		
<b>OBLIGATION TYPE</b>	<b>2019</b>	<b>2020</b>	<b>Net Change</b>
General Obligation Bonds	12,135,651	12,102,533	-33,118
Certificates of Participation	4,317,959	4,077,722	-240,237
Capital Leases	204,834	204,834	0
Net Pension Liability	20,289,222	21,354,164	1,064,942
Total OPEB Obligation	682,816	1,197,104	514,288
Compensated Absences	9,717	5,521	-4,196
<b>Totals</b>	<b>37,640,199</b>	<b>38,941,878</b>	<b>1,301,679</b>

*FACTORS BEARING ON THE DISTRICT’S FUTURE*

At the time that this analysis was written, the District recognized the following areas of concern that could significantly impact the future of the District’s financial health:

- Enrollment and Average Daily Attendance (ADA) need to be continually monitored.
- Due to the implementation of GASB 75 and GASB 68, the District’s liabilities will continue to increase at a pace that will likely be larger than assets.
- Continued increases in employee pension costs (STRS and PERS) will continue to erode at future funding increases. This must be offset by reductions in other areas in the budget.

*NOTES TO THE FINANCIAL STATEMENTS*

The notes to the financial statements provide additional information that is vital to understanding the financial data presented within the District-Wide and Fund Financial Statements. The notes follow the Basic Financial Statements and should be examined along with this report to form a more complete picture of the District’s financial state.

*CONTACTING THE DISTRICT’S FINANCIAL MANAGERS*

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact John-Paul Wells at Holtville Unified School District, 621 E. 6<sup>th</sup> Street, Holtville, CA 92250.

## Basic Financial Statements

# Holtville Unified School District

## Statement of Net Position

June 30, 2020

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 9,677,285
Accounts Receivable	3,119,088
Inventory	33,453
Prepaid Expenses	304,292
Capital Assets:	
Land	153,012
Land Improvements	2,796,524
Buildings & Improvements	29,690,560
Equipment	2,332,707
Work In Progress	1,277,693
Less Accumulated Depreciation	<u>(13,545,316)</u>
Total Assets	<u>35,839,298</u>
<b>Deferred Outflows of Resources</b>	<u>6,850,967</u>
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	1,870,957
Unearned Revenue	123,319
Long-Term Liabilities:	
Due Within One Year	699,837
Due In More Than One Year	<u>38,242,041</u>
Total Liabilities	<u>40,936,154</u>
<b>Deferred Inflows of Resources</b>	<u>1,739,812</u>
<b>Net Position</b>	
Net Investment in Capital Assets	6,320,091
Restricted For:	
Capital Projects	3,632,435
Debt Service	1,143,404
Educational Programs	241,900
Other Purposes (Expendable)	550,456
Other Purposes (Nonexpendable)	365,245
Unrestricted	<u>(12,239,232)</u>
Total Net Position	<u>\$ 14,299</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Holtville Unified School District

## Statement of Activities

For the Year Ended June 30, 2020

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction	\$ 13,757,527	\$ 157,923	\$ 2,483,666	\$ -	\$ (11,115,938)
Instruction-Related Services:					
Instructional Supervision and Administration	531,077	-	260,894	-	(270,183)
Instructional Library, Media and Technology	207,536	666	748	-	(206,122)
School Site Administration	1,321,382	1,134	141,140	-	(1,179,108)
Pupil Services:					
Home-to-School Transportation	615,486	-	-	-	(615,486)
Food Services	1,050,789	-	1,023,452	-	(27,337)
All Other Pupil Services	1,669,003	590	371,926	-	(1,296,487)
General Administration:					
Centralized Data Processing	347,704	-	34,235	-	(313,469)
All Other General Administration	1,085,302	11,798	168,834	-	(904,670)
Plant Services	1,952,124	-	27,044	-	(1,925,080)
Ancillary Services	377,938	4,571	9,585	-	(363,782)
Interest on Long-Term Debt	356,859	-	-	-	(356,859)
Transfers Between Agencies	198,150	111,561	79,264	-	(7,325)
Total Governmental Activities	<u>\$ 23,470,877</u>	<u>\$ 288,243</u>	<u>\$ 4,600,788</u>	<u>\$ -</u>	<u>(18,581,846)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
					\$ 3,153,002
					572,737
					151,241
					14,574,444
					156,012
					220,499
					<u>18,827,935</u>
					246,089
					<u>(231,790)</u>
					<u>\$ 14,299</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Holtville Unified School District

## Balance Sheet – Governmental Funds

June 30, 2020

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash in County Treasury	\$ 4,454,007	\$ 3,304,549	\$ 1,890,211	\$ 9,648,767
Cash in Revolving Fund	25,000	-	2,500	27,500
Cash with Fiscal Agent	-	1,018	-	1,018
Accounts Receivable	2,903,143	8,374	207,571	3,119,088
Due from Other Funds	-	-	40,393	40,393
Stores Inventories	-	-	33,453	33,453
Prepaid Expenditures	304,292	-	-	304,292
<b>Total Assets</b>	<b>\$ 7,686,442</b>	<b>\$ 3,313,941</b>	<b>\$ 2,174,128</b>	<b>\$ 13,174,511</b>
<b>Liabilities and Fund Balance:</b>				
Liabilities:				
Accounts Payable	\$ 1,641,489	\$ 5,099	\$ 29,960	\$ 1,676,548
Due to Other Funds	-	40,393	-	40,393
Unearned Revenue	123,319	-	-	123,319
<b>Total Liabilities</b>	<b>1,764,808</b>	<b>45,492</b>	<b>29,960</b>	<b>1,840,260</b>
Fund Balance:				
Nonspendable	329,292	-	35,953	365,245
Restricted	241,900	3,268,449	2,057,846	5,568,195
Committed	-	-	50,369	50,369
Unassigned	5,350,442	-	-	5,350,442
<b>Total Fund Balance</b>	<b>5,921,634</b>	<b>3,268,449</b>	<b>2,144,168</b>	<b>11,334,251</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,686,442</b>	<b>\$ 3,313,941</b>	<b>\$ 2,174,128</b>	<b>\$ 13,174,511</b>

The accompanying notes to the financial statements are an integral part of this statement.

# Holtville Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2020

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**Total fund balances governmental funds:** \$ 11,334,251

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets relating to governmental activities, at historical cost	36,250,496	
Accumulated depreciation	<u>(13,545,316)</u>	
	Net	22,705,180

debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (194,409)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	12,102,533	
Total OPEB liability	1,197,104	
Net pension liability	21,354,164	
Certificates of participation payable	4,077,722	
Capital leases payable	204,834	
Compensated absences	<u>5,521</u>	
	Total	(38,941,878)

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was: 681,633

The accompanying notes to the financial statements are an integral part of this statement.

# Holtville Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued

June 30, 2020

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Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	5,342,764	
Deferred inflows of resources relating to pensions	<u>(1,718,453)</u>	
Net		3,624,311

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	826,570	
Deferred inflows of resources relating to OPEB	<u>(21,359)</u>	
Net		805,211

<b>Total net position governmental activities:</b>		<u><u>\$ 14,299</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.



# Holtville Unified School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2020

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>				
State Apportionment	\$ 12,881,808	\$ -	\$ -	\$ 12,881,808
Education Protection Account Funds	1,292,756	-	-	1,292,756
Property Taxes	3,143,835	-	568,905	3,712,740
Federal Revenue	1,777,689	40,393	1,188,972	3,007,054
Other State Revenue	2,016,737	-	294,012	2,310,749
Interest	77,671	66,126	20,981	164,778
Other Local Revenue	811,726	8,460	162,146	982,332
Total Revenues	<u>\$ 22,002,222</u>	<u>\$ 114,979</u>	<u>\$ 2,235,016</u>	<u>\$ 24,352,217</u>
<b>Expenditures</b>				
Current Expenditures:				
Instruction	13,142,441	-	149,210	13,291,651
Instruction - Related Services	2,028,034	-	35,488	2,063,522
Pupil Services	2,227,447	-	1,095,134	3,322,581
Ancillary Services	279,324	-	-	279,324
General Administration	1,567,101	-	63,040	1,630,141
Plant Services	1,737,649	-	-	1,737,649
Other Outgo	98,150	100,000	-	198,150
Capital Outlay	70,763	1,311,573	7,545	1,389,881
Debt Service:				
Principal	-	2,525,000	439,817	2,964,817
Interest	-	305,393	484,633	790,026
Total Expenditures	<u>21,150,909</u>	<u>4,241,966</u>	<u>2,274,867</u>	<u>27,667,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>851,313</u>	<u>(4,126,987)</u>	<u>(39,851)</u>	<u>(3,315,525)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	424,949	424,949
Transfers Out	(424,949)	-	-	(424,949)
Proceeds from Sale of Bonds	-	2,890,000	-	2,890,000
Other Sources	-	-	9,980	9,980
Total Other Financing Sources (Uses)	<u>(424,949)</u>	<u>2,890,000</u>	<u>434,929</u>	<u>2,899,980</u>
Net Change in Fund Balance	426,364	(1,236,987)	395,078	(415,545)
Fund Balance, Beginning of Year	<u>5,495,270</u>	<u>4,505,436</u>	<u>1,749,090</u>	<u>11,749,796</u>
Fund Balance, End of Year	<u>\$ 5,921,634</u>	<u>\$ 3,268,449</u>	<u>\$ 2,144,168</u>	<u>\$ 11,334,251</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Holtville Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2020

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**Total change in fund balances, governmental funds:** \$ (415,545)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	1,389,882	
Depreciation expense	<u>(882,361)</u>	
	Net	507,521

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue of premium or discount, were: (2,890,000)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 2,964,817

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (95,888)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 4,196

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (835,344)

The accompanying notes to the financial statements are an integral part of this statement.

## Holtville Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities, Continued  
For the Year Ended June 30, 2020

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Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was: 312,275

Donated capital assets: In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increases to capital assets at their fair market value on the date of donation. The fair market value of 165,000

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is: 529,057

**Change in net position of governmental activities:** \$ 246,089

The accompanying notes to the financial statements are an integral part of this statement.

**Holtville Unified School District**  
 Statement of Net Position – Fiduciary Funds  
 June 30, 2020

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	Agency Fund
	Student Body Fund
<b>Assets</b>	
Cash on Hand and in Banks	\$ 209,463
Total Assets	<u>209,463</u>
<b>Liabilities</b>	
Due to Student Groups	\$ 209,463
Total Liabilities	<u>209,463</u>
<b>Net Position</b>	
Total Net Position	<u><u>\$ -</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

# Holtville Unified School District

Notes to the Financial Statements

For the Year Ended June 30, 2020

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## A. Summary of Significant Accounting Policies

Holtville Unified School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

### 1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, capital facilities funds, debt service funds, and student-related activities.

### 2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB.

### 3. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from general revenues of the District.

# Holtville Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

### *Major Governmental Funds*

The District reports the following major governmental funds:

**General Fund:** The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

### *Non-Major Governmental Funds*

The District reports the following non-major governmental funds categorized by the fund type:

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

**Adult Education Fund:** This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

**Cafeteria Special Revenue Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

# Holtville Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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**Capital Projects Funds:** Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects fund:

**Capital Facilities Fund:** The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

**Debt Service Funds:** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt. The District maintains the following nonmajor debt service funds:

**Bond Interest and Redemption Fund:** The bond interest and redemption fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of Imperial Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

**Debt Service Fund:** This fund is used for the accumulation of resources for and retirement of principal and interest on general long-term debt.

## *Fiduciary Funds*

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following agency fund:

**Student Body Fund:** The student body fund is an agency fund, and therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code §48930 through §48938*).

4. Basis of Accounting – Measurement Focus

**Government-Wide and Fiduciary Financial Statements.** The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District’s policy to use restricted resources first, then unrestricted resources.

5. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.



6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1<sup>st</sup>. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the Imperial County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Imperial County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

e. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

## Holtville Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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g. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

*Restricted Fund Balance* represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

*Unassigned Fund Balance* represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

h. Minimum Fund Balance Policy

The District has adopted a policy to maintain a minimum economic uncertainty reserve of at least 3% of the total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. The primary purpose of this reserve is to avoid the need for service level reductions in the event of economic downturn. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

i. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

10. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

11. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

12. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

13. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

14. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2020. Those newly implemented pronouncements are as follows:

*GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update – 2018
- Implementation Guide No. 2019-1, Implementation Guidance Update – 2019
- Implementation Guide No. 2019-2, Fiduciary Activities

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases

There have been no adjustments to the financial statements or note disclosures as a result of adoption of the accounting policies.

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

**B. Compliance and Accountability**

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

**C. Fair Value Measurements**

The District’s investments at June 30, 2020, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
BNY Mellon Money Market Funds	\$ 1,018	\$ 1,018	\$ -	\$ -
Total investments by fair value level	<u>\$ 1,018</u>	<u>\$ 1,018</u>	<u>\$ -</u>	<u>\$ -</u>
External investment pools measured at fair value				
Imperial County Treasury	\$ 9,648,767	\$ -	\$ 9,648,767	\$ -
Total investments by fair value level	<u>\$ 9,648,767</u>	<u>\$ -</u>	<u>\$ 9,648,767</u>	<u>\$ -</u>

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code §41001). The fair value of the District’s investments in the pool is reported in the accounting financial statements as amounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The Imperial County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.



**D. Cash and Investments**

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool (\$9,648,767 as of June 30, 2020). The fair value of the District’s portion of this pool as of that date, as provided by the pool sponsor, was \$9,648,767. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks (\$209,463 as of June 30, 2020) and in revolving fund (\$27,500 as of June 30, 2020) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Cash with Fiscal Agent

The District’s cash with fiscal agent at June 30, 2020 are shown below:

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
BNY Mellon Money Market Funds	< 30 days	1,018

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

4. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 Years	None	None
Registered State Bonds, Notes, Warrants	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Banker's Acceptance	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20% of Base	None
Medium-Term Corporate notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 Years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

5. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2020, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 9,648,767
BNY Mellon Money Market Funds	Unrated	Not Applicable	1,018

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name.

At June 30, 2020, the District’s bank balances and investments (including revolving cash) were not exposed to custodial credit risk..

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the Imperial County Treasury with a fair value of \$9,648,767. The average weighted maturity for this pool was 714 days at June 30, 2020.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

**E. Accounts Receivable**

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2020 consisted of:

	Major Governmental Funds			Total
	General Fund	Building Fund	Nonmajor Governmental Funds	
Federal Government:				
Migrant Education	\$ 139,485	\$ -	\$ -	\$ 139,485
Special Education	225,323	-	-	225,323
Title I	51,248	-	-	51,248
Title III LEP	31,229	-	-	31,229
National School Lunch	-	-	147,214	147,214
Other Federal Programs	49,507	-	19,276	68,783
State Government:				
LCFF State Aid	2,200,183	-	-	2,200,183
Lottery	77,813	-	-	77,813
Special Education	64,235	-	-	64,235
Other State Programs	30,732	-	28,723	59,455
Local Sources				
Interest	14,768	8,310	4,033	27,111
Local Grants	12,294	-	-	12,294
Other Local Sources	6,326	64	8,325	14,715
Total Accounts Receivable	\$ 2,903,143	\$ 8,374	\$ 207,571	\$ 3,119,088

**F. Prepaid Expenditures**

As of June 30, 2020, prepaid expenditures consisted of:

	General Fund
Prepaid Textbook Adoptions	\$ 304,292
Total	\$ 304,292

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

**G. Interfund Balances & Activities**

1. Due To and From Other Funds

Balances due to and from other funds at June 30, 2020 consisted of the following:

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
Nonmajor Governmental Fund	Building Fund	<u>\$ 40,393</u>	Correct Federal Subsidy Payments

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2020 consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
Nonmajor Governmental Fund	General Fund	<u>\$ 424,949</u>	Debt Service Payments

**H. Capital Assets**

Capital asset activity for the year ended June 30, 2020, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 153,012	\$ -	\$ -	\$ 153,012
Work in progress	2,441,243	1,195,417	2,358,967	1,277,693
Total capital assets not being depreciated	<u>2,594,255</u>	<u>1,195,417</u>	<u>2,358,967</u>	<u>1,430,705</u>
Capital assets being depreciated:				
Land improvements	2,796,524	-	-	2,796,524
Buildings and improvements	27,201,187	2,489,373	-	29,690,560
Equipment	2,103,648	229,059	-	2,332,707
Total capital assets being depreciated	<u>32,101,359</u>	<u>2,718,432</u>	<u>-</u>	<u>34,819,791</u>
Less accumulated depreciation for:				
Land improvements	(969,672)	(131,463)	-	(1,101,135)
Buildings and improvements	(10,010,406)	(696,734)	-	(10,707,140)
Equipment	(1,682,877)	(54,164)	-	(1,737,041)
Total accumulated depreciation	<u>(12,662,955)</u>	<u>(882,361)</u>	<u>-</u>	<u>(13,545,316)</u>
Total capital assets being depreciated, net	<u>19,438,404</u>	<u>1,836,071</u>	<u>-</u>	<u>21,274,475</u>
Governmental activities capital assets, net	<u>\$ 22,032,659</u>	<u>\$ 3,031,488</u>	<u>\$ 2,358,967</u>	<u>\$ 22,705,180</u>

**Holtville Unified School District**  
 Notes to the Financial Statements, Continued  
 June 30, 2020

Depreciation was charged to functions as follows:

Instruction	\$ 523,821
Instruction-Related Services	3,730
Pupil Services	24,014
Ancillary Services	99,700
General Administration	12,744
Plant Services	<u>218,352</u>
Totals	<u>\$ 882,361</u>

**I. Accounts Payable**

Accounts payable balances as of June 30, 2020 consisted of:

	<u>Major Governmental Funds</u>		Nonmajor Governmental Funds	Total Governmental Funds
	<u>General Fund</u>	<u>Building Fund</u>		
Vendors Payable	\$ 435,630	\$ 5,099	\$ 22,087	\$ 462,816
Payroll and Benefits	493,373	-	7,873	501,246
Health and Welfare Benefits	53,603	-	-	53,603
EPA State Aid Repayment	21,326	-	-	21,326
LCFF State Aid Repayment	623,736	-	-	623,736
OPEB Retiree Benefits	<u>13,821</u>	<u>-</u>	<u>-</u>	<u>13,821</u>
Total Accounts Payable	<u>\$ 1,641,489</u>	<u>\$ 5,099</u>	<u>\$ 29,960</u>	<u>\$ 1,676,548</u>

**J. Unearned Revenue**

Unearned revenue balances as of June 30, 2020 consisted of:

	<u>General Fund</u>
Federal Programs	
Title V Rural and Low Income	\$ 6,246
Title IV Student Support	2,132
State Programs	
Career Tech Initiative Grant	4,643
Local Sources	
K-12 Strong Workforce Grant	108,734
After School Education and Safety	933
MS Vouchers	<u>631</u>
Total Unearned Revenue	<u>\$ 123,319</u>

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

**K. Short Term Debt Activity**

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. During the year ended June 30, 2020, the District did not enter into any short-term debt agreements.

**L. Fund Balance Classifications of the Governmental Funds**

Ending fund balance classifications of the governmental funds for the year ended June 30, 2020 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund		
Nonspendable Fund Balance				
Revolving Cash	\$ 25,000	\$ -	\$ 2,500	\$ 27,500
Stores Inventory	-	-	33,453	33,453
Prepaid Expenditures	304,292	-	-	304,292
Total Nonspendable Fund Balance	329,292	-	35,953	365,245
Restricted Fund Balance				
Child Nutrition Program	-	-	525,396	525,396
Low Performing Students Grant	27,972	-	-	27,972
Medi-Cal Billing Option	75,205	-	-	75,205
COVID-19 Response Funds	13,407	-	-	13,407
Debt Service	-	-	1,143,404	1,143,404
Adult Education Program	-	-	25,060	25,060
Lottery: Instructional Materials	50,113	-	-	50,113
Other Educational Programs	75,203	-	-	75,203
Capital Projects	-	3,268,449	363,986	3,632,435
Total Restricted Fund Balance	241,900	3,268,449	2,057,846	5,568,195
Committed Fund Balance				
Adult Education Program	-	-	50,369	50,369
Total Committed Fund Balance	-	-	50,369	50,369
Unassigned Fund Balance				
For Economic Uncertainties	5,350,442	-	-	5,350,442
Total Unassigned Fund Balance	5,350,442	-	-	5,350,442
Total Fund Balance	\$ 5,921,634	\$ 3,268,449	\$ 2,144,168	\$ 11,334,251



**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

**M. Long Term Obligations**

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 10,946,408	\$ 2,890,000	\$ 2,795,000	\$ 11,041,408	\$ 293,198
Accreted Interest	417,881	68,236	-	486,117	65,038
Bond Discount	(18,703)	-	(447)	(18,256)	(447)
Bond Premiums	790,065	-	196,801	593,264	3,531
Total GO Bonds	<u>12,135,651</u>	<u>2,958,236</u>	<u>2,991,354</u>	<u>12,102,533</u>	<u>361,320</u>
Certificates of Participation	4,085,000	-	185,000	3,900,000	195,000
QZAB COPS	219,271	-	54,817	164,454	54,817
COPS Premium	13,688	-	420	13,268	442
Total COPS	<u>4,317,959</u>	<u>-</u>	<u>240,237</u>	<u>4,077,722</u>	<u>250,259</u>
Capital Leases	204,834	-	-	204,834	82,737
Total OPEB Liability	682,816	514,288	-	1,197,104	-
Net Pension Liability	20,289,222	1,064,942	-	21,354,164	-
Compensated Absences*	9,717	-	4,196	5,521	5,521
Total Governmental Activities	<u>\$ 37,640,199</u>	<u>\$ 4,537,466</u>	<u>\$ 3,235,787</u>	<u>\$ 38,941,878</u>	<u>\$ 699,837</u>

\*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for certificates of participation and QZAB payable are made from the debt service fund.
- Payments for capital leases are made from the general fund.
- Payments for compensated absences are made from the general fund, the adult education fund, and the cafeteria fund.
- Payments for pension contributions are made from the general fund, the adult education fund, and the cafeteria fund.
- Payments for OPEB contributions are made from the general fund, the adult education fund, and the cafeteria fund.

2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On November 5, 2002 registered voters authorized the issuance of \$8,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, no amounts remain unissued.

# Holtville Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

On November 6, 2018 registered voters authorized the issuance of \$10,000,000 principal amount of general obligation bonds. Of the total amount originally issued, \$6,000,000 remain unissued as of June 30, 2020.

General obligation bonds for the fiscal year ended June 30, 2020 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2002 Election Series D	08/19/10	4.56-12.00%	08/01/40	\$ 536,408
2002 Election Series E	11/08/12	5.00%	08/01/37	980,000
2012 Refunding Bonds	11/08/12	2.00-5.00%	08/01/27	2,065,000
2014 Refunding Bonds	12/23/14	3.75-5.00%	08/01/34	2,930,000
2016 Refunding Bonds	11/10/16	2.00-3.00%	08/01/36	1,090,000
2018 Election Series A	06/05/19	2.00-5.00%	08/01/48	4,000,000
2020 Refunding Bonds	05/07/20	1.55-1.95%	08/01/35	2,890,000
Total GO Bonds				<u>\$ 14,491,408</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2012 Election Series D					
Principal	\$ 536,408	\$ -	\$ -	\$ 536,408	\$ 3,198
Accreted Interest	417,881	68,236	-	486,117	65,038
Premium	56,357	-	2,562	53,795	2,562
2002 Election Series E					
Principal	980,000	-	980,000	-	-
Premium	66,458	-	66,458	-	-
2012 Refunding Bonds					
Principal	1,665,000	-	1,665,000	-	-
Premium	118,026	-	118,026	-	-
2014 Refunding Bonds					
Principal	2,720,000	-	55,000	2,665,000	50,000
Premium	52,722	-	1,066	51,656	969
2016 Refunding Bonds					
Principal	1,045,000	-	25,000	1,020,000	25,000
Discount	(18,703)	-	(447)	(18,256)	(447)
2018 Election Series A					
Principal	4,000,000	-	70,000	3,930,000	-
Premium	496,502	-	8,689	487,813	-
2020 Refunding Bonds					
Principal	-	2,890,000	-	2,890,000	215,000
Total	<u>\$ 12,135,651</u>	<u>\$ 2,958,236</u>	<u>\$ 2,991,354</u>	<u>\$ 12,102,533</u>	<u>\$ 361,320</u>

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

The annual requirements to amortize the bonds outstanding at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Accreted Interest	Interest	Total
2021	\$ 293,198	\$ 1,802	\$ 331,891	\$ 626,891
2022	304,000	-	338,319	642,319
2023	318,000	-	332,696	650,696
2024	336,570	2,430	326,714	665,714
2025	350,376	2,624	320,425	673,425
2026-2030	2,071,644	109,356	1,473,880	3,654,880
2031-2035	2,822,667	407,333	1,093,736	4,323,736
2036-2040	1,812,346	1,812,654	706,925	4,331,925
2041-2045	1,257,607	557,393	462,250	2,277,250
2046-2050	1,475,000	-	123,900	1,598,900
Total	<u>\$ 11,041,408</u>	<u>\$ 2,893,592</u>	<u>\$ 5,510,736</u>	<u>\$ 19,445,736</u>

*Accreted Interest*

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2020.

*Premium*

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	2002 Series D	2014 Refunding	2016 Refunding	2018 Series A
Total Interest Payments	\$ 2,893,592	\$ 1,523,950	\$ 483,275	\$ 3,884,068
Plus Bond Discount	-	-	19,508	-
Less Bond Premium	(78,269)	(56,793)	-	(496,502)
Net Interest Payments	<u>2,815,323</u>	<u>1,467,157</u>	<u>502,783</u>	<u>3,387,566</u>
PAR Amount of Bonds	536,408	2,930,000	1,090,000	4,000,000
Periods	30	20	20	20
Effective Interest Rate	17.49%	2.50%	2.31%	4.23%

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

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*Refunding Bonds*

On May 7, 2020 the District issued \$2,890,000 in refunding bonds to refund remaining amounts due on the 2002 Election Series E Bonds and the 2012 Refunding Bonds. The result of the issuance of refunding bonds was an accounting loss of \$365,000 and an economic gain of \$198,985.

Refunding Bond Calculation of Loss on Refunding:

Net Carrying Amount of Debt:	
Maturity Value of Old Debt	<u>\$ 2,525,000</u>
Reacquisition Price:	
Face Value of New Debt	<u>\$ 2,890,000</u>
Gain (Loss) on Refunding	<u>\$ (365,000)</u>

Refunding Bond Calculation of Economic Gain on Refunding:

Decrease in Debt Service Payments:	
2020 General Obligation Refunding Bonds	\$ 3,213,401
Old Debt - 2002 Election, Series E Bonds	(1,597,500)
Old Debt - 2012 Refunding Bonds	<u>(1,877,075)</u>
Decrease in Debt Service Payments	<u>\$ (261,174)</u>
Present Value Used as Effective Rate Target:	
Face Amount of 2020 GO Refunding Bonds	\$ 2,890,000
All Costs Not Recoverable	<u>(100,000)</u>
Present Value Used as Effective Rate Target	\$ 2,790,000
Economic Gain:	
Present Value of Old Debt	\$ 2,988,985
Present Value of 2020 GO Refunding Bonds	<u>(2,790,000)</u>
Calculated Economic Gain	<u>\$ 198,985</u>

3. Certificates of Participation

On August 1, 2007, the District issued \$1,000,000 in Certificates of Participation as Qualified Zone Academy Bonds (QZABs) to provide funds to finance certain capital improvements, equipment and other educational development programs of the District. The District is required to make a scheduled deposit of \$54,817 each year through the maturity date of August 16, 2022. Accumulated interest earned on the account provides the additional funding required to pay the bonds in full upon maturity. The escrow account accrues interest at a fixed rate of 2.74%. As of June 30, 2020 the escrow account carried an accrued balance of \$718,233. The District does not have a legal right to claim cash in the escrow account and is not obligated to make payments in excess of the scheduled deposit amounts. Scheduled deposit and escrow balances are as follows:

Year Ended June 30,	Required Deposit	Scheduled Escrow Balance
2021	\$ 54,817	\$ 807,252
2022	54,817	903,626
2023	54,820	1,000,000
Total	<u>\$ 164,454</u>	<u>\$ 2,710,878</u>

On September 20, 2011 the District issued \$1,530,000 of Certificates of Participation (COPs). The COPs are part of the Qualified School Construction Program as part of the American Recovery and Reinvestment Act of 2009 (ARRA) which subsidizes interest payments on the COPs. The COPs were issued to finance the costs of capital improvements of the District and to pay the issuance costs associated with the COPs. The COPs were issued pursuant to a trust agreement, dated September 1, 2011, by and among the Bank of New York Mellon Trust Company, as trustee, the California School Boards Association Finance Corporation (the Corporation) and the District. Pursuant to a Site Lease, dated September 1, 2011, the District will lease the site and improvements comprising generally the District transportation/maintenance facility to the Corporation and will lease the Property back from the Corporation pursuant to a lease/purchase agreement, dated September 1, 2011. The payments on the COPs made by the District represent lease payments for possession and use of the property. The COPs bear an interest rate of 4.625 – 6.75% which is subsidized at a rate of 4.55%. The COPs mature on September 1, 2028.

On January 14, 2016 the District issued \$3,280,000 of Certificates of Participation (COPs) plus a premium of \$14,506. The COPs were issued to (i) finance the acquisition, construction and installation of certain capital improvements in the Holtville Unified School District, and (ii) pay the costs of delivery of the COPs. The COPs require semi-annual coupon payments at interest rates ranging from 2.00 – 4.00%. The COPs mature annually from August 1, 2017 through August 1, 2041.

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

Activity for COPs for the fiscal year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2011 COPS					
Principal	\$ 990,000	\$ -	\$ 90,000	\$ 900,000	\$ 95,000
2016 COPS					
Principal	3,095,000	-	95,000	3,000,000	100,000
Premium	13,688	-	420	13,268	442
Total	<u>\$ 4,098,688</u>	<u>\$ -</u>	<u>\$ 185,420</u>	<u>\$ 3,913,268</u>	<u>\$ 195,442</u>

The annual requirements to amortize the COPs outstanding as of June 30, 2020 were:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Less Subsidy Payments</u>	<u>Total</u>
2021	\$ 195,000	\$ 147,968	\$ (30,800)	\$ 312,168
2022	195,000	140,268	(25,821)	309,447
2023	195,000	132,568	(60,288)	267,280
2024	200,000	124,462	-	324,462
2025	210,000	115,181	-	325,181
2026-2030	1,010,000	423,543	-	1,433,543
2031-2035	700,000	260,086	-	960,086
2036-2040	825,000	136,024	-	961,024
2041-2045	370,000	13,125	-	383,125
Total	<u>\$ 3,900,000</u>	<u>\$ 1,493,225</u>	<u>\$ (116,909)</u>	<u>\$ 5,276,316</u>

*Premium*

Debt premium arises when the market rate of interest is higher than the stated interest rate on the debt. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the debt and then amortize the premium over the life of the bond.

Effective interest on certificates of participation issued at a premium are as follows:

	<u>2016 COPS</u>
Total Interest Payments	\$ 1,709,453
Less Bond Premium	<u>(14,506)</u>
Net Interest Payments	<u>1,694,947</u>
PAR Amount of Bonds	3,280,000
Periods	20
Effective Interest Rate	2.58%

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

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4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2020 as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ -	\$ 3,172	\$ 3,172
2022	82,737	4,030	86,767
2023	122,097	1,201	123,298
Total	<u>\$ 204,834</u>	<u>\$ 8,403</u>	<u>\$ 213,237</u>

5. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2020 amounted to \$5,521. This amount is included as part of long-term liabilities in the government-wide financial statements.

6. Net Pension Liability

The District’s beginning net pension liability was \$20,289,222 and increased by \$1,064,942 during the year ended June 30, 2020 for an ending net pension liability of \$21,354,164. See Note N for additional information regarding the net pension liability.

7. Total OPEB Liability

The Districts beginning total OPEB liability was \$682,816 and increased during the year ended June 30, 2020 by \$514,288. The ending total OPEB liability at June 30, 2020 was \$1,197,104. See Note O for additional information regarding the total OPEB liability.

**N. Pension Plans**

1. General Information about the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2020)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2020)	17.100%	17.100%
Required State Contribution Rates (at June 30, 2020)	10.328%	10.328%

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.



**Holtville Unified School District**  
 Notes to the Financial Statements, Continued  
 June 30, 2020

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (at June 30, 2020)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2020)	19.721%	19.721%

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2020 (measurement date June 30, 2019), California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 17.10% of creditable compensation for the fiscal year ended June 30, 2020. Rates are defined in Education Code §22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

*CalPERS*

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019), the employee contribution rate was 7.00% and the employer contribution rate was 19.721% of covered payroll.

*On Behalf Payments*

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019) the State contributed 10.328% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District’s proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State’s pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2018	8.292%	\$ 677,902	\$ 303,873
2019	14.746%	1,280,821	(246,700)
2020	10.328%	920,803	291,076

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	8.067%	\$ 261,814	-

The contributions made by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional \$2.2 Billion to CalSTRS and \$904 Million to CalPERS during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year as a continuing settlement associated with SB90. As a result, on behalf contributions for the years ended June 30, 2019 and June 30, 2020 are not comparable to the year June 30, 2018 as presented.

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

d. Contributions Recognized

For the fiscal year ended June 30, 2020 (measurement period June 30, 2019), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,524,567	\$ 682,381	\$ 2,206,948
Contributions - State On Behalf Payments	920,803	-	920,803
Total Contributions	<u>\$ 2,445,370</u>	<u>\$ 682,381</u>	<u>\$ 3,127,751</u>

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,179,659	\$ 476,946	\$ 1,656,605
Contributions - State On Behalf Payments	920,803	-	920,803
Total Contributions	<u>\$ 2,100,462</u>	<u>\$ 476,946</u>	<u>\$ 2,577,408</u>

2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability
CalSTRS	\$ 14,595,321
CalPERS	<u>6,758,843</u>
Total	<u>\$ 21,354,164</u>

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to measurement date June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2019 and June 30, 2020 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2019	0.0154%	0.0088%	0.0242%	0.0230%
Proportion June 30, 2020	0.0162%	0.0090%	0.0252%	0.0232%
Change in Proportion	0.0008%	0.0002%	0.0010%	0.0002%

\*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 447,158	\$ 617,787	\$ 1,064,945
State On Behalf Pension Expense	291,076	-	291,076
Employer Contributions to Pension Expense	1,524,567	682,381	2,206,948
(Increase) Decrease in Deferred Outflows of Resources	138,226	130,930	269,156
Increase (Decrease) in Deferred Inflows of Resources	(543,663)	44,906	(498,757)
Total Pension Expense	\$ 1,857,364	\$ 1,476,004	\$ 3,333,368

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

b. Deferred Outflows and Inflows of Resources

At June 30, 2020, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 1,524,567	\$ 682,381	\$ 2,206,948
Differences between actual and expected experience	30,748	579,995	610,743
Changes in assumptions	1,283,629	472,263	1,755,892
Changes in employer's proportionate share	563,206	205,975	769,181
Total Deferred Outflows of Resources	<u>\$ 3,402,150</u>	<u>\$ 1,940,614</u>	<u>\$ 5,342,764</u>

  

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (265,896)	\$ -	\$ (265,896)
Changes in employer's proportionate share	(461,736)	-	(461,736)
Net difference between projected and actual earnings	<u>(928,763)</u>	<u>(62,058)</u>	<u>(990,821)</u>
Total Deferred Inflows of Resources	<u>\$ (1,656,395)</u>	<u>\$ (62,058)</u>	<u>\$ (1,718,453)</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2020. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2021	\$ 2,314,871	\$ 1,179,635	\$ (683,791)	\$ 56,853	\$ 2,867,568
2022	790,303	461,296	(637,779)	(118,195)	495,625
2023	148,489	226,326	(262,112)	(18,481)	94,222
2024	148,487	73,357	(19,614)	17,765	219,995
2025	-	-	(53,098)	-	(53,098)
Thereafter	-	-	(1)	-	(1)
Total	<u>\$ 3,402,150</u>	<u>\$ 1,940,614</u>	<u>\$ (1,656,395)</u>	<u>\$ (62,058)</u>	<u>\$ 3,624,311</u>

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2020 were based on actuarial valuations determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Fiscal Year	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2019	June 30, 2019
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

- (1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.
- (2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) tables issued by the Society of Actuaries.
- (3) Wage growth is a component of inflation for CalPERS assumptions.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the Discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

## Holtville Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM with an initial expected completion date of November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

## Holtville Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

### CalSTRS

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity	47.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	13.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	9.00%	1.80%
Inflation Sensitive	4.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

\*20 year average

### CalPERS

<u>Asset Class*</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10**</u>	<u>Real Return Years 11+***</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

\*In the basic financial statements, fixed income is included in global debt securities; liquidity is included in short term investments; inflation assets are included in both global equity securities and global debt securities.

\*\*An expected inflation of 2.00% is used for this period.

\*\*\*An expected inflation of 2.92% is used for this period.



e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 21,756,692	\$ 8,941,084
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 14,595,321	\$ 6,758,843
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 9,127,654	\$ 3,818,032

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

**CalSTRS**

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
<b>Balance at June 30, 2019</b>					
(Previously Reported)	\$ 76,786,853	\$ 54,508,598	\$ 22,278,255	\$ 8,130,092	\$ 14,148,163
<b>Changes for the year:</b>					
CalSTRS Auditor Adjustment	-	(458)	458	164	294
Change in prop. share	3,126,593	2,219,471	907,122	203,114	704,008
Service cost	1,777,649	-	1,777,649	637,560	1,140,089
Interest	5,658,742	-	5,658,742	2,029,529	3,629,213
Difference between expected and actual experience	(465,389)	-	(465,389)	(166,913)	(298,476)
Change in benefits	8,063	-	8,063	2,892	5,171
Contributions:					
Employer	-	1,422,238	(1,422,238)	(510,091)	(912,147)
Employee	-	919,186	(919,186)	(329,670)	(589,516)
State On Behalf	-	1,344,225	(1,344,225)	(482,111)	(862,114)
Net investment income	-	3,753,807	(3,753,807)	(1,346,317)	(2,407,490)
Other income	-	32,152	(32,152)	(11,531)	(20,621)
Benefit payments, including refunds of employee contributions	(3,854,128)	(3,854,128)	-	-	-
Administrative expenses	-	(63,989)	63,989	22,950	41,039
Borrowing costs	-	(26,534)	26,534	9,517	17,017
Other expenses	-	(1,077)	1,077	386	691
Net changes	<u>6,251,530</u>	<u>5,744,893</u>	<u>506,637</u>	<u>59,479</u>	<u>447,158</u>
<b>Balance at June 30, 2020</b>	<u>\$ 83,038,383</u>	<u>\$ 60,253,491</u>	<u>\$ 22,784,892</u>	<u>\$ 8,189,571</u>	<u>\$ 14,595,321</u>

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

**CalPERS**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at June 30, 2019</b>			
(Previously Reported)	\$ 21,064,902	\$ 14,923,847	\$ 6,141,055
<b>Changes for the year:</b>			
Change in prop. share	145,420	103,026	42,394
Service cost	516,417	-	516,417
Interest	1,522,151	-	1,522,151
Difference between expected and actual experience	324,395	-	324,395
Change in assumptions	-	-	-
Contributions:			
Employer	-	586,205	(586,205)
Employee	-	235,173	(235,173)
Plan to plan res. movement	-	70	(70)
Net investment income	-	976,791	(976,791)
Benefit payments, including refunds of employee contributions	(1,008,211)	(1,008,211)	-
Administrative expenses	-	(10,705)	10,705
Other expenses	-	35	(35)
Net changes	1,500,172	882,384	617,788
<b>Balance at June 30, 2020</b>	<b>\$ 22,565,074</b>	<b>\$ 15,806,231</b>	<b>\$ 6,758,843</b>

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

**O. Postemployment Benefits Other Than Pension Benefits**

1. Plan Description

The District’s defined benefit OPEB plan, Holtville Unified School District Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

2. Plan Eligibility

Certificated and Certificated Management employees are eligible to retire and receive District-paid health benefits after attaining age 55. The District pays \$350 per month towards healthcare premiums for an eligible retiree, spouse, and dependents. District-paid benefits continue for the earlier of two years or until age 65. Classified CSEA unit members and Confidential employees are not entitled to District-paid retiree health benefits, except as noted below.

One retired board member is receiving District-paid health premiums until age 65; the benefit will not apply for current board members. In addition, several Certificated and Classified retirees are receiving benefits under special incentive arrangements that are scheduled to expire not later than age 65. The District does not anticipate any future incentive arrangements and as such there has not been a provision for future incentive arrangements in the valuation.

Groups	100-A \$0 Rx200/10-35	90-D \$10 Rx 5-20	80-G \$30 Rx 5-20	HSA-B
Active & Retiree < 65 Single	\$ 915	\$ 874	\$ 740	\$ 567
Active & Retiree < 2-Party	1,571	1,502	1,271	973
Active & Retiree < 65 Family	1,811	1,745	1,482	1,106

3. Contributions

The District contributes 100% up to a cap as identified above. Retirees are not required to make any contributions, unless the cost of coverage exceeds the cap. For the year ended June 30, 2020 retirees did not make any contributions to the healthcare plan.

**Holtville Unified School District**  
 Notes to the Financial Statements, Continued  
 June 30, 2020

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4. Plan Membership

Membership of the plan consisted of the following as of June 30, 2020:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	99
	<u>110</u>

5. Total OPEB Liability

The Holtville Unified School District’s total OPEB liability of \$1,197,104 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

6. Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:	
Inflation	3.00% per annum
Salary increases	3.00% per annum, in aggregate
Discount rate	3.13%
Healthcare cost trend rates	6.00% decreasing to 5.00%
Retiree’s share of costs	0.00%

The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality improvement scale (MP-2016) table, issued by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1009 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

7. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 682,816
Changes for the year:	
Service cost	25,417
Interest	21,123
Changes of assumptions	73,734
Difference between expected and actual experience	645,721
Benefit payments	<u>(251,707)</u>
Net change	<u>514,288</u>
Balance at June 30, 2020	<u>\$ 1,197,104</u>

8. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Plan, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% Decrease (2.13%)</u>	<u>Valuation Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
Total OPEB Liability	\$ 1,312,250	\$ 1,197,104	\$ 1,097,247

9. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Plan, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease 5.00%</u>	<u>Healthcare Cost Trends Rate 6.00%</u>	<u>1% Increase 7.00%</u>
	<u>Decreasing to 4.00%</u>	<u>Decreasing to 5.00%</u>	<u>Decreasing to 6.00%</u>
Total OPEB Liability	\$ 1,098,185	\$ 1,197,104	\$ 1,314,019

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

10. OPEB Expense

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$271,929.

11. Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2020 the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 73,734	\$ 21,359
Difference between expected and actual experience	645,721	-
Contributions made subsequent to measurement date	107,115	-
Total	<u>\$ 826,570</u>	<u>\$ 21,359</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will impact OPEB expense under the following amortization schedule:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2021	\$ 194,853	\$ (3,096)	\$ 191,757
2022	87,738	(3,096)	84,642
2022	87,738	(3,096)	84,642
2023	87,738	(3,096)	84,642
2024	87,738	(3,096)	84,642
Thereafter	280,765	(5,879)	274,886
Total	<u>\$ 826,570</u>	<u>\$ (21,359)</u>	<u>\$ 805,211</u>

**P. Risk Management**

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

**Q. Participation in Joint Powers Authorities**

The District is a member of the Imperial Valley Regional Occupation Program (IVROP) the Imperial County School Property/Liability Insurance (ICSPLI), and the Self Insurance Program for Imperial County (SIPIC) for the operation of a common risk management and insurance program for property and liability coverage and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.



**R. Commitments and Contingencies**

1. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

2. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2020.

3. Construction Commitments

As of June 30, 2020, the District had the following construction commitments:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>
Construction in Process:		
Holtville Middle School Modular Gymnasium Project	\$ 2,362,206	March 2021

\*Expected date of completion subject to change.

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

**S. Deferred Outflows of Resources**

In accordance with GASB Statement No. 65, refunding losses and bond issue insurance are recorded as deferred outflows of resources and amortized over the life of the bonds.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75, the District has recorded deferred outflows of resources for OPEB related items as prescribed by the statement.

A summary of the deferred outflows of resources as of June 30, 2020 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Loss 2012 Refunding Bonds	\$ 75,475	\$ -	\$ 75,475	\$ -
Bond Insurance	8,766	-	8,766	-
Loss 2014 Refunding Bonds	187,632	-	11,038	176,594
Bond Insurance	6,332	-	126	6,206
Loss 2016 Refunding Bonds	137,143	-	7,218	129,925
Bond Insurance	4,002	-	94	3,908
Loss 2020 Refunding Bonds	-	365,000	-	365,000
OPEB Related	-	826,570	-	826,570
Pension Related				
CalSTRS	3,540,376	2,228,575	2,366,801	3,402,150
CalPERS	2,071,544	1,049,170	1,180,100	1,940,614
Total Deferred Outflows of Resources	<u>\$ 6,031,270</u>	<u>\$ 4,469,315</u>	<u>\$ 3,649,618</u>	<u>\$ 6,850,967</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Losses	Pension Related	OPEB Related	Bond Insurance	Total
2021	\$ 38,533	\$ 3,494,506	\$ 107,115	\$ 208	\$ 3,640,362
2022	38,533	1,251,599	87,738	220	1,378,090
2023	38,533	374,815	87,738	220	501,306
2024	38,533	221,844	87,738	220	348,335
2025	38,533	-	87,738	231	126,502
Thereafter	478,854	-	368,503	9,015	856,372
Total	<u>\$ 671,519</u>	<u>\$ 5,342,764</u>	<u>\$ 826,570</u>	<u>\$ 10,114</u>	<u>\$ 6,850,967</u>

**Holtville Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2020

**T. Deferred Inflows of Resources**

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75, the District has recorded deferred inflows of resources for OPEB related items as prescribed by the statement.

A summary of the deferred inflows of resources as of June 30, 2020 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 2,200,058	\$ 131,057	\$ 674,720	\$ 1,656,395
CalPERS	17,152	(88,832)	(133,738)	62,058
OPEB Related	21,352	3,103	3,096	21,359
Total Deferred Inflows of Resources	\$ 2,238,562	\$ 45,328	\$ 544,078	\$ 1,739,812

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2021	\$ 626,938	\$ 3,096	\$ 630,034
2022	755,974	3,096	759,070
2023	280,593	3,096	283,689
2024	1,849	3,096	4,945
2025	53,099	3,096	56,195
Thereafter	-	5,879	5,879
Total	\$ 1,718,453	\$ 21,359	\$ 1,739,812

**U. Upcoming Accounting Guidance**

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
<b>GASB Statement 84, Fiduciary Activities</b>	01/2017	2020-21
<b>GASB Statement 87, Leases</b>	06/2017	2021-22
<b>GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	06/2018	2021-22
<b>GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61</b>	08/2018	2020-21
<b>GASB Statement 91, Conduit Debt Obligations</b>	05/2019	2022-23
<b>GASB Statement 92, Omnibus 2020</b>	01/2020	2021-22
<b>GASB Statement 93, Replacement of Interbank Offered Rates</b>	03/2020	2020-21
<b>GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements</b>	03/2020	2022-23
<b>GASB Statement 96, Subscription-Based Information Technology Arrangements</b>	05/2020	2022-23
<b>GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14, 84 and supersession of GASB Statement 32</b>	06/2020	2021-22
<b>GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019</b>	04/2019	2020-21
<b>GASB Implementation Guide No. 2019-2, Fiduciary Activities</b>	06/2019	2020-21
<b>GASB Implementation Guide No. 2019-3, Leases</b>	08/2019	2021-22
<b>GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020</b>	04/2020	2021-22

The effects of the upcoming guidance and pronouncements on the District’s financial statements has not yet been determined.

## Holtville Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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### V. COVID-19 Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the Holtville Unified School District from March 16, 2020 and continuing into the Fall of 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses can be re-opened. At this point in time the Holtville Unified School District campuses remain closed until Imperial County meets the benchmark requirements.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. The Holtville Unified School District has established a re-opening plan that they believe will provide a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California school districts are eligible for these funds. Additionally, for the 2019-20 fiscal year, the state placed all school districts in a hold harmless state shifting attendance reporting periods to a point prior to the pandemic to prevent sudden losses of attendance from impacting funding for the 2019-20 fiscal year. Finally, funding for the 2020-21 fiscal year is frozen at amounts provided in 2019-20 for all California school districts, with adjustments based on the Governor's budget. The District has established their 2020-21 budget with this in consideration.

### W. Subsequent Event

#### New Bond Issuance

On January 14, 2021 the District issued \$4,000,000 In Election of 2018 General Obligation Bonds, Series B. The bonds were issued to finance the renovation, construction, and improvement of school facilities of the District and paying the costs related thereto as authorized by the voters at the November 6, 2018 election.

The Bonds are general obligation bonds of the District payable solely from ad valorem property taxes levied on taxable property within the District. The Board of Supervisors of the County of Imperial is empowered and is obligated to levy the ad valorem taxes, without limitation of rate or amount, upon property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of interest and principal of the Bonds when due.

Interest on the Bonds ranges from 2.00% to 4.00% payable semi-annually. Principal amounts mature annually on August 1<sup>st</sup> through August 1, 2050.

Required Supplementary Information

# Holtville Unified School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
LCFF Sources				
State Apportionment	\$ 12,013,293	\$ 12,260,719	\$ 12,881,808	\$ 621,089
Education Protection Account	2,288,579	1,919,194	1,292,756	(626,438)
Property Taxes	2,901,798	3,138,486	3,143,835	5,349
Federal Revenue	1,665,158	2,008,156	1,777,689	(230,467)
Other State Revenue	1,440,942	2,289,083	2,016,737	(272,346)
Interest Income	40,000	70,000	77,671	7,671
Other Local Revenue	584,043	960,348	811,726	(148,622)
Total Revenues	<u>20,933,813</u>	<u>22,645,986</u>	<u>22,002,222</u>	<u>(643,764)</u>
<b>Expenditures</b>				
Current Expenditures:				
Certificated Salaries	9,564,140	10,091,580	10,021,462	70,118
Classified Salaries	2,961,058	2,892,262	3,013,224	(120,962)
Employee Benefits	5,014,762	5,210,300	5,445,851	(235,551)
Books and Supplies	965,588	1,617,414	919,268	698,146
Services and Other Operating	1,655,779	1,920,567	1,639,624	280,943
Other Outgo	165,093	98,150	98,150	-
Direct Support/Indirect Costs	(64,746)	(64,746)	(57,433)	(7,313)
Capital Outlay	68,625	503,006	70,763	432,243
Total Expenditures	<u>20,330,299</u>	<u>22,268,533</u>	<u>21,150,909</u>	<u>1,117,624</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>603,514</u>	<u>377,453</u>	<u>851,313</u>	<u>473,860</u>
<b>Other Financing Sources</b>				
Transfers Out	<u>(390,000)</u>	<u>(424,949)</u>	<u>(424,949)</u>	<u>-</u>
Total Other Financing Sources	<u>(390,000)</u>	<u>(424,949)</u>	<u>(424,949)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	213,514	(47,496)	426,364	473,860
<b>Fund Balance - Beginning of Year</b>	<u>5,495,270</u>	<u>5,495,270</u>	<u>5,495,270</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 5,532,298</u>	<u>\$ 5,447,774</u>	<u>\$ 5,921,634</u>	<u>\$ 473,860</u>

See Accompanying Notes to Required Supplementary Information

# Holtville Unified School District

## Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS

Last Ten Fiscal Years\*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0162%	0.0154%	0.0161%	0.0162%	0.0166%	0.0151%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 14,595,321	\$ 14,148,163	\$ 14,847,704	\$ 13,106,542	\$ 11,142,294	\$ 8,847,000	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	8,162,000	8,153,059	8,180,803	7,711,214	6,240,927	5,149,453	N/A	N/A	N/A	N/A
Total	\$ 22,757,321	\$ 22,301,222	\$ 23,028,507	\$ 20,817,756	\$ 17,383,221	\$ 13,996,453	N/A	N/A	N/A	N/A
District's covered payroll**	8,175,045	8,488,895	8,488,895	8,051,064	7,648,187	6,708,388	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	178.54%	166.67%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information



# Holtville Unified School District

## Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years\*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,524,567	\$ 1,414,108	\$ 1,179,659	\$ 1,067,903	\$ 863,879	\$ 679,159	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,524,567)	(1,414,108)	(1,179,659)	(1,067,903)	(863,879)	(679,159)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 8,915,596	\$ 8,686,167	\$ 8,175,405	\$ 8,488,895	\$ 8,051,064	\$ 7,648,187	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on the fiscal year.

## Holtville Unified School District

### Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS

Last Ten Fiscal Years\*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0232%	0.0230%	0.0221%	0.0219%	0.0213%	0.0194%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 6,758,843	\$ 6,141,056	\$ 5,263,917	\$ 4,322,489	\$ 3,133,790	\$ 2,206,640	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 3,245,515	\$ 3,070,929	\$ 2,832,042	\$ 2,650,317	\$ 2,364,285	\$ 2,043,769	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

# Holtville Unified School District

## Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years\*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 682,381	\$ 586,205	\$ 476,946	\$ 393,314	\$ 313,983	\$ 278,300	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(682,381)	(586,205)	(476,946)	(393,314)	(313,983)	(278,300)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 3,460,174	\$ 3,245,515	\$ 3,070,929	\$ 2,832,042	\$ 2,650,317	\$ 2,364,285	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

## Holtville Unified School District

### Schedule of Changes in the District's Total OPEB Liability and Related Ratios – HUSD Retiree Health Plan Last Ten Fiscal Years\*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability:										
Service cost	\$ 25,417	\$ 27,474	\$ 26,674	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	21,123	25,057	30,752	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Adjustments to balances	645,721	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	73,734	(24,455)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(251,707)	(289,380)	(190,122)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning**	514,288	(261,304)	(132,696)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	682,816	944,120	1,076,816	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<u>\$ 1,197,104</u>	<u>\$ 682,816</u>	<u>\$ 944,120</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	13,554,240	12,375,879	\$ 12,382,930	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	8.83%	5.52%	7.62%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Accompanying Notes to Required Supplementary Information

# Holtville Unified School District

Notes to Required Supplementary Information  
For the Year Ended June 30, 2020

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## Excess of Expenditures Over Appropriations

As of June 30, 2020, the District's expenditures which exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
<b>General Fund:</b>		
Classified Salaries	\$ 120,962	The District underestimated classified salaries due to wage increases through bargaining agreements.
Employee Benefits	\$ 235,551	The District underestimated employee benefit costs due to additional STRS on-behalf payments.
Direct Support/Indirect Costs	\$ 7,313	The District underestimated direct support costs from the county office and other agencies.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

## Holtville Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2020

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### Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.
2. Changes in Assumptions: There were no changes to assumptions in 2015, 2016, 2017, 2019 and 2020. In 2018 there was a change in discount rate from 7.60% to 7.10%.

### Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016, 2017 and 2018 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016, 2017, 2018 and 2019 (measurement dates). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple
Reporting Period	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/20
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the CalSTRS board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

## Holtville Unified School District

Notes to Required Supplementary Information, Continued  
For the Year Ended June 30, 2020

### Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.
2. Changes in Assumptions. There were no changes in assumptions in 2015, 2017, and 2020. In 2016 the discount rate was changed from 7.50% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS experience study and review of actuarial assumptions published December 2017. There were no changes to the discount rate in this period.

### Schedule of District's Contributions – CalPERS

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016 and 2017 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016, 2017 and 2018 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, 2015, 2016, 2017 and 2018 (measurement dates) used the following actuarial methods and assumptions, applied to all periods included in the measurement:

<u>Reporting Period</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple
<u>Reporting Period</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/18
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.50%	7.50%
Consumer Price Inflation	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2017 experience study report (based on demographic data from 1997 to 2015) available on the CalPERS website.

# Holtville Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2020

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## Schedule of Changes in the District's Total OPEB Liability and Related Ratios

1. Benefit Changes: There were no benefit changes during the 2019-20 fiscal year
2. Changes in Assumptions: There was an adjustment in discount rate from 3.62% to 3.13% during the 2019-20 fiscal year.
3. No assets are accumulated in a trust that meets the criteria in GASB No. 75 Paragraph 4.
4. The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.13%
2019	3.62%
2020	3.13%



## Combining Statements as Supplementary Information

# Holtville Unified School District

## Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash in County Treasury	\$ 426,635	\$ 1,100,445	\$ 363,131	\$ 1,890,211
Cash in Revolving Fund	2,500	-	-	2,500
Accounts Receivable	204,150	2,566	855	207,571
Due from Other Funds	-	40,393	-	40,393
Stores Inventories	33,453	-	-	33,453
<b>Total Assets</b>	<b>\$ 666,738</b>	<b>\$ 1,143,404</b>	<b>\$ 363,986</b>	<b>\$ 2,174,128</b>
<b>Liabilities and Fund Balance:</b>				
Liabilities:				
Accounts Payable	\$ 29,960	\$ -	\$ -	\$ 29,960
Total Liabilities	29,960	-	-	29,960
Fund Balance:				
Nonspendable	35,953	-	-	35,953
Restricted	550,456	1,143,404	363,986	2,057,846
Committed	50,369	-	-	50,369
Total Fund Balance	636,778	1,143,404	363,986	2,144,168
<b>Total Liabilities and Fund Balances</b>	<b>\$ 666,738</b>	<b>\$ 1,143,404</b>	<b>\$ 363,986</b>	<b>\$ 2,174,128</b>

# Holtville Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Nonmajor Governmental Funds  
 June 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Federal Revenue	\$ 1,188,972	\$ -	\$ -	\$ 1,188,972
Other State Revenue	290,179	3,833	-	294,012
Property Taxes	-	568,905	-	568,905
Interest	5,630	10,864	4,487	20,981
Other Local Revenue	19,905	-	142,241	162,146
Total Revenues	<u>\$ 1,504,686</u>	<u>\$ 583,602</u>	<u>\$ 146,728</u>	<u>\$ 2,235,016</u>
<b>Expenditures</b>				
Current Expenditures:				
Instruction	149,210	-	-	149,210
Instruction - Related Services	35,488	-	-	35,488
Pupil Services	1,095,134	-	-	1,095,134
General Administration	57,433	-	5,607	63,040
Capital Outlay	7,545	-	-	7,545
Debt Service:				
Principal	-	439,817	-	439,817
Interest	-	484,633	-	484,633
Total Expenditures	<u>1,344,810</u>	<u>924,450</u>	<u>5,607</u>	<u>2,274,867</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>159,876</u>	<u>(340,848)</u>	<u>141,121</u>	<u>(39,851)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	424,949	-	424,949
Other Sources	-	9,980	-	9,980
Total Other Financing Sources (Uses)	<u>-</u>	<u>434,929</u>	<u>-</u>	<u>434,929</u>
Net Change in Fund Balance	159,876	94,081	141,121	395,078
Fund Balance, Beginning of Year	476,902	1,049,323	222,865	1,749,090
Fund Balance, End of Year	<u>\$ 636,778</u>	<u>\$ 1,143,404</u>	<u>\$ 363,986</u>	<u>\$ 2,144,168</u>

# Holtville Unified School District

Combining Balance Sheet – Nonmajor Special Revenue Funds  
 June 30, 2020

	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash in County Treasury	\$ 41,243	\$ 385,392	\$ 426,635
Cash in Revolving Fund	-	2,500	2,500
Accounts Receivable	35,561	168,589	204,150
Stores Inventories	-	33,453	33,453
<b>Total Assets</b>	<u>\$ 76,804</u>	<u>\$ 589,934</u>	<u>\$ 666,738</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:			
Accounts Payable	\$ 1,375	\$ 28,585	\$ 29,960
Total Liabilities	<u>1,375</u>	<u>28,585</u>	<u>29,960</u>
Fund Balance:			
Nonspendable	-	35,953	35,953
Restricted	25,060	525,396	550,456
Committed	50,369	-	50,369
Total Fund Balance	<u>75,429</u>	<u>561,349</u>	<u>636,778</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 76,804</u>	<u>\$ 589,934</u>	<u>\$ 666,738</u>

# Holtville Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Special Revenue Funds  
June 30, 2020

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	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
<b>Revenues</b>			
Federal Revenue	\$ 51,395	\$ 1,137,577	\$ 1,188,972
Other State Revenue	204,194	85,985	290,179
Interest	1,350	4,280	5,630
Other Local Revenue	-	19,905	19,905
Total Revenues	<u>\$ 256,939</u>	<u>\$ 1,247,747</u>	<u>\$ 1,504,686</u>
<b>Expenditures</b>			
Current Expenditures:			
Instruction	149,210	-	149,210
Instruction - Related Services	35,488	-	35,488
Pupil Services	52,358	1,042,776	1,095,134
General Administration	9,148	48,285	57,433
Capital Outlay	-	7,545	7,545
Total Expenditures	<u>246,204</u>	<u>1,098,606</u>	<u>1,344,810</u>
Net Change in Fund Balance	10,735	149,141	159,876
Fund Balance, Beginning of Year	<u>64,694</u>	<u>412,208</u>	<u>476,902</u>
Fund Balance, End of Year	<u>\$ 75,429</u>	<u>\$ 561,349</u>	<u>\$ 636,778</u>

# Holtville Unified School District

## Combining Balance Sheet – Nonmajor Debt Service Funds

June 30, 2020

	Bond Interest and Redemption Fund	Debt Service Fund	Total Nonmajor Debt Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash in County Treasury	\$ 764,755	\$ 335,690	\$ 1,100,445
Accounts Receivable	1,711	855	2,566
Due from Other Funds	-	40,393	40,393
<b>Total Assets</b>	<u>\$ 766,466</u>	<u>\$ 376,938</u>	<u>\$ 1,143,404</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:			
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted	<u>766,466</u>	<u>376,938</u>	<u>1,143,404</u>
Total Fund Balance	<u>766,466</u>	<u>376,938</u>	<u>1,143,404</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 766,466</u>	<u>\$ 376,938</u>	<u>\$ 1,143,404</u>

# Holtville Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Nonmajor Debt Service Funds  
 June 30, 2020

	Bond Interest and Redemption Fund	Debt Service Fund	Total Nonmajor Debt Service Funds
<b>Revenues</b>			
Other State Revenue	\$ 3,833	\$ -	\$ 3,833
Property Taxes	568,905	-	568,905
Interest	7,223	3,641	10,864
Total Revenues	<u>\$ 579,961</u>	<u>\$ 3,641</u>	<u>\$ 583,602</u>
<b>Expenditures</b>			
Debt Service:			
Principal	200,000	239,817	439,817
Interest	362,005	122,628	484,633
Total Expenditures	<u>562,005</u>	<u>362,445</u>	<u>924,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,956</u>	<u>(358,804)</u>	<u>(340,848)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	-	424,949	424,949
Other Financing Sources	9,980	-	9,980
Total Other Financing Sources (Uses)	<u>9,980</u>	<u>424,949</u>	<u>434,929</u>
Net Change in Fund Balance	27,936	66,145	94,081
Fund Balance, Beginning of Year	738,530	310,793	1,049,323
Fund Balance, End of Year	<u>\$ 766,466</u>	<u>\$ 376,938</u>	<u>\$ 1,143,404</u>

## Other Supplementary Information



# Holtville Unified School District

Local Education Agency Organization Structure

June 30, 2020

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The Holtville Unified School District was established in 1968 and is located in the southeastern most portion of Imperial County. The District encompasses within its boundaries the City of Holtville, with jurisdiction of approximately 562 square miles. No changes were made to these boundaries during the current year. The District operates two elementary schools, one middle school, one high school, and one continuation high school.

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## GOVERNING BOARD

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<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Jared Garewal	President	Four Year Term Expires December 2020
Ben Abatti Jr.	Clerk	Four Year Term Expires December 2022
Kevin Grizzle	Member	Four Year Term Expires December 2022
Matt Hester	Member	Four Year Term Expires December 2020
Robin Cartee	Member	Four Year Term Expires December 2022

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## ADMINISTRATION

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Celso Ruiz  
Superintendent

John Paul Wells  
Assistant Superintendent

Mitchell Drye  
Director of  
Special Projects

Margie Stacey  
Director of  
Special Education

# Holtville Unified School District

Schedule of Average Daily Attendance  
Year Ended June 30, 2020

	Second Period Report		Annual Report	
	Certificate #9E094E3D		Certificate #27B78424	
	Original	Revised	Original	Revised
TK/K-3				
Regular ADA	438.42	N/A	438.42	N/A
Total TK/K-3	438.42	N/A	438.42	N/A
Grades 4-6				
Regular ADA	315.48	N/A	315.48	N/A
Total Grades 4-6	315.48	N/A	315.48	N/A
Grades 7-8				
Regular ADA	235.88	N/A	235.88	N/A
Total Grades 7-8	235.88	N/A	235.88	N/A
Grades 9-12				
Regular ADA	529.43	N/A	529.43	N/A
Total Grades 7-8	529.43	N/A	529.43	N/A
Total ADA	1,519.21	N/A	1,519.21	N/A

N/A – There were no audit findings which resulted in necessary revisions to attendance for the Second Period Report.

On March 17, 2020 Governor Newsom signed Senate Bill (SB) 117 which mitigated the effect of lost attendance due to COVID-19 that occurred after February 29, 2020. For the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19, this legislation provided that the ADA used for both the second period (P2) and the Annual period apportionment include all full school months from July 1, 2019 to February 29, 2020 for all local education agencies (LEAs).

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

## Holtville Unified School District

### Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	Minutes Requirement	2019-20 Actual Minutes	2019-20 COVID-19 Closure Minutes	2019-20 Total Instructional Minutes	2019-20 Actual School Days	2019-20 COVID-19 Closure Days	2019-20 Total School Days	Status
Transitional Kindergarten	36,000	37,580	14,835	52,415	129	51	180	Complied
Kindergarten	36,000	37,580	14,835	52,415	129	51	180	Complied
1st Grade	50,400	37,615	14,850	52,465	129	51	180	Complied
2nd Grade	50,400	38,225	15,085	53,310	129	51	180	Complied
3rd Grade	50,400	38,025	15,010	53,035	129	51	180	Complied
4th Grade	54,000	39,240	15,485	54,725	129	51	180	Complied
5th Grade	54,000	39,240	15,485	54,725	129	51	180	Complied
6th Grade	54,000	40,360	15,930	56,290	129	51	180	Complied
7th Grade	54,000	40,360	15,930	56,290	129	51	180	Complied
8th Grade	54,000	40,360	15,930	56,290	129	51	180	Complied
9th Grade	64,800	49,050	19,361	68,411	129	51	180	Complied
10th Grade	64,800	49,050	19,361	68,411	129	51	180	Complied
11th Grade	64,800	49,050	19,361	68,411	129	51	180	Complied
12th Grade	64,800	49,050	19,361	68,411	129	51	180	Complied

Due to COVID-19 the District closed campus on March 17, 2020 through the end of the school year. Distance learning was provided to students for school days during the closure. This schedule has been reflected based on the original approved calendar and instructional time planned by the District for the 2019-20 fiscal year.

School districts must maintain their instructional minutes as defined in Education Code §46201 through §46207. This schedule is required of all school districts, including basic aid districts.

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code §46201 through §46207.

**Holtville Unified School District**  
 Schedule of Financial Trends and Analysis  
 Year Ended June 30, 2020

General Fund	Budget 2021 (See Note 1)	2020	2019	2018
Revenues and Other Financing Sources	\$ 24,931,069	\$ 22,002,222	\$ 21,883,812	\$ 19,753,622
Expenditures and Other Financing Uses	23,500,512	21,575,858	21,325,042	19,839,691
Net Change in Fund Balance	1,430,557	426,364	558,770	(86,069)
Ending Fund Balance	\$ 7,352,191	\$ 5,921,634	\$ 5,495,270	\$ 4,936,500
Available Reserves (See Note 2)	\$ 7,083,757	\$ 5,350,442	\$ 4,943,796	\$ 3,930,706
Available Reserves as a Percentage of Total Outgo	30.14%	24.80%	23.70%	20.30%
Long Term Debt	\$ 15,690,773	\$ 16,385,089	\$ 16,668,161	\$ 12,533,340
Average Daily Attendance at P2	1,519	1,519	1,512	1,501

This schedule discloses the District’s financial trends by displaying past years’ data along with current year budget information. These financial trend disclosures are used to evaluate the District’s ability to continue as a going concern for a reasonable period of time.

The general fund balance has increased by \$985,134 over the past two years. The fiscal year 2020-21 budget projects an increase of \$1,430,557. For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$3,851,749 over the past two years.

Average daily attendance has increased by 18 over the past two years.

Notes:

1. Budget 2021 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.

## **Holtville Unified School District**

### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2020

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The ending fund balances as reported in these audited financial statements are in agreement with the ending fund balances reported in the District's Annual Financial and Budget Report.

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

# **Holtville Unified School District**

Schedule of Charter Schools

Year Ended June 30, 2020

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As of June 30, 2020, the District is not a sponsoring local educational agency for any charter schools.

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

**Holtville Unified School District**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
School Breakfast Program	10.553	13526	\$ -	\$ 357,894
National School Lunch Program	10.555	13523	-	698,704
National School Lunch Program - Noncash Commodities	10.555	13392	-	80,981
Total Child Nutrition Cluster			-	1,137,579
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	225,324
IDEA Preschool Local	84.027	13682	-	3,105
Total Special Education (IDEA) Cluster			-	228,429
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Title I	84.010	14329	-	826,696
Migrant Education	84.011	14838	-	398,957
Adult Education Basic	84.002	14508	-	14,760
Adult Education Secondary	84.002	13978	-	26,400
Adult Education English Literacy	84.002	14109	-	10,235
Vocational Education	84.048	14894	-	18,952
Title III English Learner	84.365	14346	-	105,114
Rural Education Achievement Program	84.358	14356	-	23,372
CARES Act - Elementary and Secondary School Relief	84.425	15536	-	644,560
Title IV Student Support	84.424	15396	-	39,489
Title II Supporting Effective Instruction	84.367	14341	-	84,432
Total U.S. Department of Education			-	2,192,967
<u>U.S. Department of Agriculture</u>				
Direct Program				
Rural Development Facilities Grant	10.766	-	-	40,717
Total U.S. Department of Agriculture			-	40,717
<u>U.S. Department of the Treasury</u>				
Passed through California Department of Education				
CARES Act - Learning Loss Mitigation	21.019	10149	-	311,307
Total Other Programs			-	2,544,991
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ -</b>	<b>\$ 3,910,999</b>

See accompanying notes to schedule of expenditures of federal awards.

# Holtville Unified School District

Notes to the Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

## Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

## Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 6.33% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Migrant Education	84.011	5.86%
Elementary and Secondary School Relief	84.425	2.49%
Title III English Learner	84.365	2.00%
Child Nutrition Cluster	10.555	5.02%

## Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it’s schoolwide programs:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 826,696



## Other Independent Auditors' Reports

Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education  
Holtville Unified School District  
Holtville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Holtville Unified School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Holtville Unified School District's basic financial statements, and have issued our report thereon dated February 11, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Holtville Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Holtville Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Holtville Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Holtville Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hobby King & Co., LLP

El Cajon, California  
February 11, 2021

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education  
Holtville Unified School District  
Holtville, California

### **Report on Compliance for Each Major Federal Program**

We have audited Holtville Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Holtville Unified School District's major federal programs for the year ended June 30, 2020. Holtville Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Holtville Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Holtville Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Holtville Unified School District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Holtville Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of Holtville Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Holtville Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Holtville Unified School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wilkinson Aabley King & Co., LLP*

El Cajon, California

February 11, 2021

## Independent Auditor's Report on State Compliance

To the Board of Education  
Holtville Unified School District  
Holtville, California

### **Report on State Compliance**

We have audited the Holtville Unified School District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2020.

### **Management's Responsibility for State Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's Audit Guide *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance*, prescribed in Title 5, *California Code of Regulations*, Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States; and the State's audit guide *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District’s compliance with state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	Yes
D. Independent Study.....	N/A
E. Continuation Education.....	No
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
M. Juvenile Court Schools.....	N/A
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	Yes
P. Transportation Maintenance of Effort.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
<b>School Districts, County Offices of Education, and Charter Schools</b>	
T. California Clean Energy Jobs Act.....	Yes
U. After/Before School Education and Safety Program.....	Yes
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A
<b>Charter Schools</b>	
AA. Attendance.....	N/A
BB. Mode of Instruction.....	N/A
CC. Nonclassroom Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
EE. Annual Instructional Minutes - Classroom Based.....	N/A
FF. Charter School Facility Grant Program.....	N/A

The term N/A is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for Continuation Education. The procedures were not required to be performed since the ADA was below the threshold which required testing.

## Opinion on State Compliance

In our opinion, Holtville Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2020.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

*Wilkinson Adley King & Co., LLP*

El Cajon, California  
February 11, 2021



## Auditor's Results, Findings & Recommendations

# Holtville Unified School District

## Schedule of Auditor's Results

Year Ended June 30, 2020

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### FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?            Yes     X     No

One or more significant deficiencies identified that are not considered material weakness(es)?            Yes     X     No

Noncompliance material to financial statements noted?            Yes     X     No

### FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?            Yes     X     No

One or more significant deficiencies identified that are not considered material weakness(es)?            Yes     X     No

Type of auditor's report issued on compliance for major programs: Unmodified

Compliance supplement utilized for single audit August 2020 and December 2020 Addendum

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?            Yes     X     No

### Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	CARES Act - Elementary/Secondary
84.010	Title I

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee?     X     Yes            No

### STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with *2019-20 Guide for Annual Audits of California K-12 Local Education Agencies?*            Yes     X     No

Type of auditor's report issued on compliance for state programs: Unmodified

# Holtville Unified School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

### A. Financial Statement Findings

None

### B. Federal Awards

None

### C. State Award Findings

None

**Holtville Unified School District**  
Schedule of Prior Year Audit Findings  
Year Ended June 30, 2020

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Finding/Recommendation	Status	Explanation if Not Implemented
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There were no findings reported in the prior year audit.